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of Lehman Brothers Creditors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re	:	Chapter 11
LEHMAN BROTHERS HOLDINGS INC., <u>et al.</u>	:	Case No. 08-13555 (JMP)
Debtors.	:	Jointly Administered
	X	

**STATEMENT OF AD HOC GROUP OF
LEHMAN BROTHERS CREDITORS IN SUPPORT
OF DEBTORS' MOTION, AS REVISED, FOR AUTHORIZATION
TO IMPLEMENT ALTERNATIVE DISPUTE RESOLUTION
PROCEDURES FOR AFFIRMATIVE CLAIMS OF DEBTORS
UNDER DERIVATIVE CONTRACTS**

TO THE HONORABLE JAMES M. PECK,
UNITED STATES BANKRUPTCY JUDGE:

The Ad Hoc Group of Lehman Brothers Creditors (the "Group")¹, through its undersigned counsel, hereby files this statement in support of the Motion, as revised, of Lehman

¹ The Group is comprised of Elliott Management Corporation, King Street Capital Management, L.P. and Paulson & Co. Inc. Together with their affiliates, the Group holds claims against the Debtors, including claims directly against LBHI totaling approximately \$13 billion.

Brothers Holdings Inc. (“LBHI”) and its affiliated debtors (collectively, the “Debtors”) in the above-referenced chapter 11 cases for Order Pursuant to Sections 105(a) of the Bankruptcy Code and General Order M-143 for Authorization to Implement Alternate Dispute Resolution Procedures for Affirmative Claims of the Debtors under Derivative Contracts (the “Motion”) [Docket No. 4453]. In support of the Motion, the Ad Hoc Group of Lehman Brothers Creditors respectfully states as follows:

STATEMENT

1. The Group supports procedures designed to streamline these chapter 11 cases and promote judicial efficiency. The Derivative ADR Procedures are designed to do just that. The Group believes, however, that such streamlining needs to be balanced against public stakeholders’ basic rights to monitor and, if desired, to participate actively in these cases through transparency and due process. The Motion as originally proposed did not provide for the public dissemination of any information relating to the results of the Derivative ADR Procedures.
2. Since the filing of the Motion, the Group worked with the Committee and the Debtors to explore whether, among other things, periodic predetermined reporting of the progress of the Derivative ADR Procedures would be acceptable to the Committee and the Debtors. As a direct result of these discussions, with the support of the Committee, the Group understands that the Debtors have agreed to provide, through monthly reports filed by the mediator, periodic subsequent reporting that will permit public stakeholders and this Court to monitor the Debtors’ progress. This result is consistent with the disclosure provided in other cases involving the resolution of complex derivative transactions. See, e.g., In re Enron Corp., Case No. 01-16034, Order Establishing and Authorizing Procedures for Settlement of Terminated Safe Harbor Agreements [Docket No. 4129] (where the Debtors were required to file

notices of certain derivative settlements listing the settling parties and a summary of the terms of the settlement).

3. The Group believes this additional reporting will ensure increased transparency with respect to the resolution of the Debtors' claims under the Derivative Contracts. The Group therefore supports approval of the Motion subject to the agreed upon additional reporting.

WHEREFORE, for the foregoing reasons, the Group requests that the Court grant the relief set forth in the Motion.

Dated: July 31, 2009
New York, New York

Respectfully submitted,

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By: /s/ Gerard Uzzi
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